



WWW.AZCLIMATECHANGE.US

DRAFT CALL SUMMARY
ARIZONA CLIMATE CHANGE ADVISORY GROUP (CCAG)
June 5, 2006

CCAG Members in Attendance:

Bahr, Berry, Clark, Cook, Cunning, De Masi, Elliott, Engel, Mathai (for Fox), Hayslip, Henness, Homer, Kramer, Mohin, O'Regan, Owens, Schlegel, Tobin

ADEQ: Kurt Maurer, Nancy Wrona, Ira Domskey, Paul Rasmussen

Center for Climate Strategies: Tom Peterson, Ken Colburn, Karl Hausker, Steve Roe, Maureen Mullen, Lewison Lem, Will Schroeer

Others: Kate Widland, Salt River Project; Ken Clark, Arizona Energy Office; Scott DiBiase, Pinal County; Justin Weaver, Triadvocates

Discussion items:

For each pending option, TWG facilitators summarized the option and solicited feedback from participants.

1. Residential-Commercial-Industrial Sector
 - a. There were no other new developments or changes to RCI options. Work on preparing a Policy Description for RCI-12 (Solid Waste, Wastewater, and Water Use Management) is underway with input from TWG members and other experts.
2. Energy Supply Sector
 - a. ES-1 Environmental Portfolio Standard. Members on the call acknowledged utilities will not be able to support a policy recommendation more aggressive than that proposed by the Arizona Corporation Commission, but that the CCAG should be advocating for an option that proposes to get more GHG reduction at less cost than the ACC proposal. It was also noted that ACC proposal has not been implemented yet.
 - b. ES-2 Public Benefits Fund Charge. Members recommended that the CCAG vote on this option at the final meeting.
 - c. ES-5 Generation Performance Standard. Members on the call expressed support for this option and agreed to move it forward for a vote at the final meeting.
 - d. ES-6 Carbon Intensity Targets. Members acknowledged there was no firm consensus on this option; some questioned whether it is feasible.

- e. ES-8 Carbon Tax. CCS will need to present the results of the additional modeling completed for this option.
- 3. Transportation and Land Use Sector
 - a. TLU-4 Reduction of Vehicle Idling. Members asked to make clear that public health and safety exemptions would be in place and to include language about the need for funding for enforcement of this measure.
 - b. TLU-7 Hybrid Promotion and Incentives. Members asked CCS to examine ways that this could serve as a backstop to Pavley standards (if legal challenges prevent Pavley) and/or serve to encourage more rapid market penetration.
 - c. TLU-8 Feebates. Members offered similar comments at TLU-7.
 - d. TLU-9 Pay-As-You-Drive Insurance. CCS agreed it would try to address the following questions in the policy option description:
 - i. Would PAYD penalize rural residents because they drive further than average?
 - ii. Does the technology exist to support PAYD?
 - iii. Is there any on-the-ground experience with PAYD?

Members on the call said they wanted to look at option designs with less than immediate, full-blown mandate.
 - e. TLU-10 Low Rolling Resistance Tires. Questions raised on the call included:
 - i. What is cost-effectiveness?
 - ii. Can specialty cars be exempted?
 - iii. Are there safety issues related to traction/stopping time?
 - iv. Do these tires have a shorter life?

Members on the call seemed supported of this option.
 - f. TLU-11 Diesel Engine Retrofits. Several members on the call expressed support for rejecting this option. Reasons cited included: problems that have occurred with retrofit programs within Arizona, as well as experience elsewhere, and performance issues. Members said they would prefer that this measure be replaced by an option that focuses on accelerated fleet turnover/modernization and that considers an incentives program for replacing the highest emitting diesel vehicles and buses with new vehicles. School buses should be included, due to health impacts.
 - g. TLU-12 Biodiesel Implementation. Members on the call agreed that this option should continue to be considered, but that the language should be redrafted so that the program is not a mandate. Questions on performance of biodiesel with new engines and ultra-low sulfur diesel need to be answered. Focus measure on outreach and encouraging use of biodiesels in situations where it has been proven to perform without substantial problems. One approach would be to have language with milestones and checkpoints, so that once experience has been gained with the new vehicles and fuel, the state can then determine whether this program should be promoted more intensely or eliminated.
- 4. Agriculture and Forestry Sector
 - a. A-1b (Manure Management): The TWG did not find a clear N20 benefit or dis-benefit associated with manure management methods (e.g. incorporation into the soil). Members on the call recommended that this option be rejected.
 - b. A-4 (Change Feedstocks): The TWG felt that the incremental benefit of additional edible oil supplementation would be small (a certain fraction of the AZ cattle population is

already being fed cottonseed oil). Members on the call recommended that this option be rejected.

- c. A-6 (Grazing Management): No change. The TWG did not find information to support significant carbon benefits due to changes in rangeland management. Members on the call recommended that this option be rejected.

5. Cross Cutting Issues

- a. CC-1 State GHG Emission Reduction Goal. Members on the call encouraged development of language expressing support for early, aggressive actions to reduce GHG emissions but that no specific target reduction need to be determined for the near-term (i.e., by 2010).
- b. CC-3 State GHG Registry. Members on the call supported this option and agreed it should be voted on at the final meeting.

Actions to be taken:

Based on input received on this teleconference, CCS will revise the Policy Option Description document for pending options before the final meeting.

Reminder:

The next meeting of the CCAG will be held on Thursday, June 22, 2006, beginning at 9:30 a.m. at the Salt River Project Public Administration Building, 1521 North Project Drive, Tempe.